



*Financing Facilities for a Better Future*

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**SPECIAL MEETING OF THE BOARD OF DIRECTORS**

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**SEPTEMBER 17, 2015**

A Special Meeting of the Board of Directors of the Rhode Island Health and Educational Building Corporation was held on **Thursday, September 17, 2015 at 3:00 p.m.**, at the Corporation's office located at 170 Westminster Street, Suite 1200, Providence, Rhode Island, 02903.

Directors present: James Salome, Chairman; Ralph Ezovski, Vice Chairman; and Ralph Palumbo, Assistant Treasurer. Richard Sinapi, Treasurer and Scott Davis, Secretary arrived after the start of the meeting.

Also present: Robert Donovan, the Corporation's Executive Director; Antonio Afonso, Jr. from Moses Afonso Ryan Ltd., the Corporation's Legal Counsel; Mr. Michael Sabitoni, President of Rhode Island Building and Construction Trades Council; and Mr. Gregory Mancini, Executive Director and General Counsel of Build Rhode Island.

After the start of the meeting, a motion was made by Mr. Ezovski, seconded by Mr. Palumbo and unanimously approved by the members present, to approve the request by Mr. Sabitoni and to also allow Mr. Mancini to address the Board.

Mr. Sabitoni and Mr. Mancini expressed their appreciation to the Board in allowing them to present information concerning the construction trade in the State and possible ways in which the Corporation may be able to provide assistance. Mr. Sabitoni explained that the construction trade industry in Rhode Island still has the highest unemployment level in the country.

One of the major reasons for this is the competition from out of state contractors who do not consider using local labor on the projects, but instead hire subcontractors and labor from other states to do the work. It is not that their organization wants to be exclusionary or block out of state contractors, it is that they want the ability to compete on a level playing field.

Mr. Mancini explained that there has not been adequate enforcement of laws concerning employers and that several out of state firms have been fined for classifying workers as

independent contractors thereby avoiding the cost of workers compensation insurance and other expenses. Some out of state firms pay workers in cash.

The State is beginning to step up enforcement to correct these problems, but if RIHEBC helps raise awareness of the need to hire responsible contractors by their borrowers, it would give local labor an opportunity to show that they are providing the best value and to not just look at the best price.

Mr. Sabitoni also stated that local labor provides a greater economic benefit to the State and that the Corporation should do what it can to help the State's economy.

Mr. Afonso pointed out that while the Corporation hopes its efforts assist the economy, unlike the Commerce Corporation, RIHEBC's statute directs it to assist in providing facilities for the betterment of the health and education of the State's citizens.

Additional discussion took place concerning what options may be considered by the Corporation in this area within the limits of the statute.

Bringing awareness to the Corporation's borrowers that contractors must be responsible and comply with laws regarding the proper classification of workers and employees was discussed at length among the Board members.

After more discussion, it was unanimously voted upon motion by Mr. Sinapi, seconded by Mr. Ezovski, to have the Executive Director contact other State issuers concerning labor requirements in their projects and to have legal counsel research the issue of labor requirements relative to the RIHEBC statute and the ability to impose requirements such as, responsible contractor certification, local employment goals of 75% and the requirement of apprenticeship programs and report back to the Board at a future meeting.

There being no other business to come before the Board, it was unanimously voted upon motion by Mr. Ezovski, seconded by Mr. Sinapi, to adjourn at 4:50 p.m.